

PLACER COUNTY
REDEVELOPMENT AGENCY

MEMORANDUM

TO: Honorable Members of the Redevelopment Agency Board
FROM: Richard Colwell, Chief Assistant CEO-Redevelopment Director
Rae James, Deputy Director
DATE: September 18, 2007
SUBJECT: Adopt a Resolution Approving the Redevelopment Agency's FY 2007-08 Final Budget in the Amount of \$40,915,619.

ACTION REQUESTED

Adopt a resolution approving the Redevelopment Agency's (Agency) FY 2007-08 Final Budget in the amount of \$40,915,619.

BACKGROUND

At the June 26, 2007 meeting, your Board approved the Work Plan and Proposed Budget for the FY 2007-08 in the amount of \$40,076,903. The changes in revenue and expenditures from the Proposed Budget are \$838,716. The Agency's Proposed FY 2007-2008 budget encompasses projects and programs that are spread across three distinct project areas. Each area requires separate funds and accounting as well as reporting obligations to the State. The work plan to be funded by the Agency's budget includes the twenty-two programs including continued construction of parking facilities, infill housing development and support of the County's Kings Beach Commercial Core Project.

In the months since adoption of the Proposed Budget there have been several substantial work program changes resulting in a total increase of \$838,716 in total spending. The Agency entered into two major Exclusive Right to Negotiate Agreements with developers who are proceeding with revitalizing the Kings Beach community with an infusion of approximately \$150 million in mixed use and residential development. A third developer is also proposing another \$100 million dollar mixed use resort project. These private investments will have a major positive impact on the property values in the area.

Finally, the Agency has received final fiscal year accounting information which provides the detailed true balances in the Agency's funds. When the final fiscal year accounting information is adjusted, the Placer County Budget and Financial Policy requires that a Final Budget be submitted for consideration and adopted by September 30th of each year.

DISCUSSION

The Agency's FY 2007-2008 Final Budget is \$40,915,619. The net effect of the changes in budgeted revenue and expenditures from the Proposed Budget is \$838,716. The following is a summary of the key changes:

	Proposed	Final	Difference
Opening Fund Balance	28,711,626	29,861,942	1,150,316
Total Revenue	<u>11,365,277</u>	<u>11,053,677</u>	<u>(311,600)</u>
Budgeted Fund Balance	\$40,076,903	\$40,915,619	\$ 838,716
Estimated Expenditures	20,880,161	23,060,004	2,179,843
Project Reserves	<u>19,196,742</u>	<u>17,855,615</u>	<u>(1,341,127)</u>
Grand Total Expenditures	\$40,076,903	\$40,915,619	\$838,716

These changes reflect the actual opening fund balance for the year. This results in an increase of \$1,150,316 above the estimate in the June Proposed Budget. This is due to interest earned on bond proceeds received in FY 2006-07 and not spent.

Generally, the Agency's estimated final revenue decreased by \$311,600 due to the reduction in the tax increment the agency will receive in its eleventh fiscal year and fewer long-term debt proceeds. Under current California Redevelopment Law, the Agency is required to increase payments made to agencies affected by Agency's collection of tax increment, after ten years of operation. The long-term debt proceeds decreased due to a smaller loan from the California Infrastructure and Economic Development Bank thus reducing anticipated revenues.

Net expenditures are projected to increase from the June Proposed Budget to the Final Budget by \$2,179,843. This increase is primarily due to a pre-development loan agreement the Agency has entered into with Domus Development, LLC for scattered-sites housing in Kings Beach. In the North Auburn Project Area, an increase of \$500,000 was needed to fund the Auburn Plaza project. An increase in Sunset Industrial project costs reflects a \$2,000,000 payment to Placer County Department of Public Works for the Highway 65 interchange. Overall expenditures include \$17,855,615 as a designated reserve for planned projects in future years.

FISCAL IMPACT

There is no fiscal impact to the Placer County General Fund. The Agency's FY 2007-08 Final Budget is fully funded by a combination of tax increment, bond proceeds, and state and federal funding.

RECOMMENDATION

Adopt a resolution approving the Agency's FY 2007-08 Final Budget in the amount of \$40,915,619.

Respectfully submitted,

Richard Colwell
Chief Assistant CEO – Redevelopment Director

Attachments: A – Agency Budget
B – Final Indebtedness
Resolution

cc: Karin Schwab, Agency Counsel

ATTACHMENT A

**PLACER COUNTY REDEVELOPMENT AGENCY
FY 2007-2008**

FINAL BUDGET SUMMARY

	Capital Projects Fund 505					Total Capital Projects Fund 505	Housing Set-Aside Fund 504					Total Housing Set- Aside Fund 504	Total Agency Dept 85 Appn 08460	Increase/ decrease over proposed budget
	N. Lake Tahoe Subfund 100	N. Auburn Subfund 200	Sunset Subfund 300	N. Lake Tahoe Bond Subfund 600	N. Auburn Bond Subfund 700		N. Lake Tahoe Subfund 100	N. Auburn Subfund 200	Sunset Subfund 300	Community Grants & Loans Subfund 400	Countywide Hsg Bond Subfund 500			
Fund Balance														
07/01/07 Fund Balance	\$ 766,425	\$ 1,086,993	\$ 1,159,345	\$ 13,929,090	\$ 3,352,109	\$ 20,293,962	\$ 2,933,600	\$ 87,350	\$ 304,746	\$ -	\$ 5,773,660	\$ 9,099,356	\$ 29,393,318	\$ 1,445,784
Cancel Reserves	304,381	-	164,243	-	-	468,624	-	-	-	-	-	-	468,624	(295,468)
Total Fund Balance	1,070,806	1,086,993	1,323,589	13,929,090	3,352,109	20,762,586	2,933,600	87,350	304,746	-	5,773,660	9,099,356	29,861,942	\$ 1,150,316

Revenues														
Tax Increment	2,990,715	654,542	1,219,331	-	-	4,864,588	1,045,357	231,151	428,322	-	-	1,704,830	6,569,417	(11,810)
Long-Term Debt Proceeds	600,000	1,500,000	-	-	-	2,100,000	-	-	-	-	-	-	2,100,000	(327,233)
Other Revenues	-	2,123,234	-	-	-	2,123,234	43,236	5,967	-	211,822	-	261,025	2,384,259	27,443
Total Revenues	3,590,715	4,277,776	1,219,331	-	-	9,087,822	1,088,593	237,117	428,322	211,822	-	1,965,855	11,053,677	(311,600)

Available Funds	4,661,520	5,364,769	2,542,920	13,929,090	3,352,109	29,850,408	4,022,194	324,468	733,067	211,822	5,773,660	11,065,211	40,915,619	838,716
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Expenditures														
Salaries & Employee Benefits	575,946	128,117	110,767	126,818	20,038	961,686	326,682	173,355	121,620	204,482	-	826,139	1,787,825	33,709
Services & Supplies	2,627,507	4,636,967	214,969	2,192,272	2,627,728	12,299,443	264,967	42,074	114,168	7,341	-	428,550	12,727,993	47,325
Other Charges	1,458,068	533,601	2,217,183	15,742	2,487	4,227,081	2,560,787	109,038	497,279	-	525,000	3,692,104	7,919,186	2,273,809
Land	-	-	-	625,000	-	625,000	-	-	-	-	-	-	625,000	(175,000)
Subtotal Expenditures	4,661,520	5,298,685	2,542,920	2,959,831	2,650,254	18,113,211	3,152,436	324,468	733,067	211,822	525,000	4,946,793	23,060,004	2,179,843

Designated FY07/08 Reserves	-	66,084	-	10,969,258	701,855	11,737,198	869,758	-	-	-	5,248,660	6,118,418	17,855,615	(1,341,127)
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Grand Total Expenditures	4,661,520	5,364,769	2,542,920	13,929,090	3,352,109	29,850,408	4,022,194	324,468	733,067	211,822	5,773,660	11,065,211	40,915,619	838,716
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ATTACHMENT B

FINAL INDEBTEDNESS

Under Article XVI, Section 16 of the California Constitution and Health and Safety Code Section 33670, a redevelopment agency is able to receive tax increment until its debts are paid. The Agency files an annual Statement of Indebtedness with the County Auditor by October 1 of each year to report its indebtedness and thus show its eligibility for the receipt of tax increments. The Agency filed its FY 2006-2007 Statement of Indebtedness with the County Auditor on September 30, 2006. The Agency is estimating the following indebtedness for FY 2007-2008:

	<u>North Tahoe</u>	<u>Sunset</u>	<u>North Auburn</u>	<u>Total</u>
<u>Final Indebtedness</u>				
2006-2007 Pass Through	807,214	329,531	177,139	1,313,884
General Fund Agreements	8,530,093	6,924,191	13,650,658	29,104,942
Agreements with Others	<u>22,217,271</u>	<u>1,390,005</u>	<u>55,946,670</u>	<u>29,553,946</u>
Total	\$31,554,578	\$8,643,727	\$19,774,467	\$59,972,772

Before the Placer County Redevelopment Agency Board of Directors County of Placer, State of California

In the matter of:

**Adopt a resolution to approve the Redevelopment Agency's FY
2007-08 Final Budget in the amount of \$40,915,619.**

Reso. No. _____

Ord. No: _____

First Reading: _____

**The following Resolution was duly passed by the Redevelopment Agency Board
of the County of Placer at a regular meeting held September 18, 2007,
by the following vote on roll call:**

Ayes:

Noes:

Absent:

Signed and approved by me after its passage.

**Attest:
Clerk of said Board**

Chair, Agency Board

WHEREAS, pursuant to Health & Safety Code Section 33606, a final budget for FY 2007-08 is submitted to the Redevelopment Agency (Agency) Board of Directors by the Redevelopment Director and is attached as "Final Budget Summary"; and

WHEREAS, Agency staff reviewed the final budget and recommends its adoption; and

WHEREAS, to the benefit of the Agency, Placer County staff provides valuable program management, planning, and financial management for the agency in the sum of \$1,787,825 in salaries and benefits, and is hereby budgeted for payment to the County for said services; and

WHEREAS, the Redevelopment Director or designee is authorized to implement internal loans between agency-managed funds as reflected in the Agency Budget and is consistent with applicable redevelopment laws and regulations, and

WHEREAS, capital project reserves in the North Lake Tahoe Project Area of \$304,381 and \$164,243 in the Sunset Industrial Project Area are needed to fund projects in these areas; and

WHEREAS, the sum of \$17,855,615 is designated as reserves for future capital projects; and

WHEREAS, the proposed planning and administrative expenses for the redevelopment low and moderate income funds are necessary to support the production, improvement, and preservation of low and moderate income housing during the FY 2007-08 budget year; and

WHEREAS, the deposit of 20% of the net tax increment is budgeted in Fund 504, Housing Set-Aside in the amount of \$1,704,830; and

WHEREAS, the carry-forward sum of \$29,861,942 was previously authorized, but unspent from prior budgets, and is hereby reauthorized and appropriated for FY 2007-08.

WHEREAS, the public improvements set forth in the Agency 2007-2008 Budget are of benefit to the respective redevelopment project areas in and near where such improvements will be constructed; and

WHEREAS, such improvements will help to alleviate blighting conditions in the applicable project area; and

WHEREAS, the payment of the costs of such improvements is consistent with the Agency's adopted Implementation Plan; and

WHEREAS, no other reasonable means of financing such improvements are available; and

WHEREAS, pursuant to Health and Safety Code section 33333.2 (g) the use of moneys from the Housing Set-Aside Fund to fund housing projects outside any redevelopment project area will be of benefit to the each redevelopment project area within the County.

NOW, THEREFORE BE IT RESOLVED by the Placer County Redevelopment Agency Board that the FY 2007-08 Final Budget is hereby adopted.